

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4228-01
Bill No.: SB 435
Subject: Employees-Employers; Labor and Management
Type: Original
Date: January 13, 2012

Bill Summary: This proposal requires authorization for certain labor unions to use dues and fees to make political contributions and bars them from withholding earnings from paychecks.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| General Revenue | (\$125,942) | (\$74,664) | (\$75,412) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$125,942) | (\$74,664) | (\$75,412) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|--------------|--------------|--------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| General Revenue | 2 FTE | 2 FTE | 2 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 2 FTE | 2 FTE | 2 FTE |

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations** assume that this proposal requires copies of all records maintained by the labor organizations to be sent to the Labor and Industrial Relations Commission (LIRC). This is a new program to the LIRC, and therefore a new section would need to be set up internally to receive and maintain these records, including, but not limited to, staff, storage cabinets, storage space, computer program to track filings, etc. Per the United States Department of Labor, Bureau of Labor Statistics there are 275,000 Missourians who belong to a union or are represented by a union. Each union member will be required to fill out two forms: Consent for Withholding Union Dues/Fees and Consent for Political Use of Dues/Fees. Copies of these authorizations are to be filed with the LIRC – resulting in approximately 500,000 additional filings to this office each year. The mass amount of paper must be received and stored in an organized and retrievable manner. Therefore LIRC will require two Senior Office Support Assistant/Clerical (\$32,148).

Officials at the **Office of Administration's Information Technology Services Division** assume a cost of \$50,340. This cost would include system setup in an access database or 2E environment where other LIRC data is tracked. It would include the purchase and utilization of a scanner and develop item type in new Content Manager 8.0 environment. They would create the ability to scan documentation of images. The system would include data entry, update and view capability, as well as query, reports and print capability.

\$ 8,500 Kofax workstation license & volume license
\$10,000 scanner
\$ 800 computer & flat panel
31,040 IT time: 640 hrs for system, 120 hrs item type CM & 16 hrs help desk setup (@ \$40 hr)
\$50,340 total

Oversight has, for fiscal note purposes only, changed the starting salary for the Senior Office Support Assistant to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees over the last six months of FY 2010 and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

The Department of Labor asked for rent space for the two new employees. **Oversight** checked with the Office of Administration and confirmed that there is space in one of the Department's building so Oversight will not include that cost in the fiscal note.

JH:LR:OD

ASSUMPTION (continued)

Officials at the **Office of Administration** are responsible for maintaining the State's nine labor contracts which cover eleven bargaining units, as well as assisting agencies with union contract negotiations, union-related activities, and other union-related inquiries. This includes ensuring agencies comply with applicable statutes while assisting in these responsibilities. The Office of Administration would have to ensure this provision is complied with during all future negotiations.

Officials at **Department of Conservation, Missouri Department of Transportation** and the **Missouri Ethics Commission** assume that there is no fiscal impact from this proposal.

In response to similar legislation filed this year, SB 553, officials at the **City of Kansas City, Linn State Technical College, Missouri Southern State University, Missouri State University, Missouri Western State University, Northwest Missouri State University, St. Louis County, University of Central Missouri** and the **University of Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Secretary of State** assume each year, a number of bills may be considered by the General Assembly that would refer to a vote of the people the issue in the legislation. Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these

requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight assumes this proposal states it will be voted on at the August 2012 election. Since this is a regularly scheduled election the SOS will be able to absorb the cost of this proposal with existing resources.

| <u>FISCAL IMPACT - State Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|--|---------------------------|--------------------------|--------------------------|
| GENERAL REVENUE | | | |
| <u>Cost - Department of Labor</u> | | | |
| Personal Service | (\$40,280) | (\$48,819) | (\$49,308) |
| Fringe Benefits | (\$21,324) | (\$25,845) | (\$26,104) |
| Equipment and Expenses | <u>(\$13,998)</u> | <u>\$0</u> | <u>\$0</u> |
| Total Costs - DOLIR | (\$75,602) | (\$74,664) | (\$75,412) |
| FTE Change | 2 FTE | 2 FTE | 2 FTE |
| <u>Cost- Department of Labor</u> | | | |
| Computer and scanner costs | <u>(\$50,340)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$125,942)</u> | <u>(\$74,664)</u> | <u>(\$75,412)</u> |
| Estimated Net FTE Change on General Revenue | 2 FTE | 2 FTE | 2 FTE |
| <u>FISCAL IMPACT - Local Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Small businesses could be required to file the proposed form.

JH:LR:OD

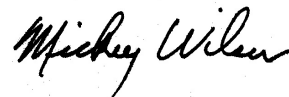
FISCAL DESCRIPTION

Upon voter approval, this act bars public employee labor unions from withholding fees from employee paychecks. The act requires the employee's consent for public employee labor unions to use fees and dues for political purposes. The employee must authorize the amount to be used for political contributions. The employee may also stipulate to which committee their fees will be paid. Authorizing or refraining from authorizing any amount shall in no way affect employment. The labor union must keep records of all authorizations and submit them to the Labor and Industrial Relations Commission.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Linn State Technical College
Missouri Department of Transportation
Missouri Ethics Commission
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Office of the Secretary of State
St. Louis County
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
Director
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